

EXHIBIT 24



May 12, 2003

Dear Fortune 1000 Company:

SCO holds the rights to the UNIX operating system software originally licensed by AT&T to approximately 6,000 companies and institutions worldwide (the "UNIX Licenses"). The vast majority of UNIX software used in enterprise applications today is a derivative work of the software originally distributed under our UNIX Licenses. Like you, we have an obligation to our shareholders to protect our intellectual property and other valuable rights.

In recent years, a UNIX-like operating system has emerged and has been distributed in the enterprise marketplace by various software vendors. This system is called Linux. We believe that Linux is, in material part, an unauthorized derivative of UNIX.

As you may know, the development process for Linux has differed substantially from the development process for other enterprise operating systems. Commercial software is built by carefully selected and screened teams of programmers working to build proprietary, secure software. This process is designed to monitor the security and ownership of intellectual property rights associated with the code.

By contrast, much of Linux has been built from contributions by numerous unrelated and unknown software developers, each contributing a small section of code. There is no mechanism inherent in the Linux development process to assure that intellectual property rights, confidentiality or security are protected. The Linux process does not prevent inclusion of code that has been stolen outright, or developed by improper use of proprietary methods and concepts.

Many Linux contributors were originally UNIX developers who had access to UNIX source code distributed by AT&T and were subject to confidentiality agreements, including confidentiality of the methods and concepts involved in software design. We have evidence that portions of UNIX System V software code have been copied into Linux and that additional other portions of UNIX System V software code have been modified and copied into Linux, seemingly for the purposes of obfuscating their original source.

As a consequence of Linux's unrestricted authoring process, it is not surprising that Linux distributors do not warrant the legal integrity of the Linux code provided to customers. Therefore legal liability that may arise from the Linux development process may also rest with the end user.

We believe that Linux infringes on our UNIX intellectual property and other rights. We intend to aggressively protect and enforce these rights. Consistent with this effort, on March 7, we initiated legal action against IBM for alleged unfair competition and breach of contract with respect to our UNIX rights. This case is pending in Utah Federal District Court. As you are aware, this case has been widely reported and commented upon in the press. If you would like additional information, a copy of the complaint and response may be viewed at our web site at www.sco.com/scosource.

For the reasons explained above, we have also announced the suspension of our own Linux-related activities until the issues surrounding Linux intellectual property and the attendant risks are better understood and properly resolved.

Similar to analogous efforts underway in the music industry, we are prepared to take all actions necessary to stop the ongoing violation of our intellectual property or other rights.

SCO's actions may prove unpopular with those who wish to advance or otherwise benefit from Linux as a free software system for use in enterprise applications. However, our property and contract rights are important and valuable; not only to us, but to every individual and every company whose livelihood depends on the continued viability of intellectual and intangible property rights in a digital age.

Yours truly,

THE SCO GROUP


By: 
Darl McBride
President and CEO

EXHIBIT 25

Exhibit E



VIA FEDERAL EXPRESS

March 6, 2003

Mr. Sam Palmisano
Chief Executive Officer
INTERNATIONAL BUSINESS MACHINES CORPORATION
Old Orchard Road
Armonk, NY 10504

Re: Software Agreement Number Soft-00015,
Sublicensing Agreement Number Sub-00015A
Substitution Agreement Number XFER-00015B
Side Letter dated February 1, 1985
Amendment X dated October 16, 1996

Dear Mr. Palmisano:

We are successors in interest to the above-referenced Agreements pursuant to that certain Asset Purchase Agreement by and between the Santa Cruz Operation, Inc. and Novell, Inc. dated as of September 19, 1995 (the "Asset Purchase Agreement"), having received under the Asset Purchase Agreement all rights and ownership of UNIX and UnixWare, including source code, source documentation, source listings and annotations, all rights pertaining to UNIX and UnixWare under any software development contracts, licenses and any other contracts which pertain to UNIX-related business, and including without limitation:

Software and Sublicensing Agreements - This includes the source code and sublicensing agreements that Seller has with its OEM End User and Educational customers. The total number of these agreements is approximately 30,000.
[Schedule 1.1(a) to Asset Purchase Agreement, ¶III (L).]

We have rights to enforce any violation of our trade secrets by International Business Machines Corporation ("IBM"). These rights are secured by certain agreements between AT&T and IBM dated as of February 1, 1985, designated as Software Agreement Number Soft-00015, Sublicensing Agreement Number Sub-00015A, Substitution Agreement Number XFER-00015B, Side Letter dated February 1, 1985, and Amendment X dated October 16, 1996 (collectively the AT&T / IBM UNIX Agreements).

IBM is obligated under the AT&T / IBM UNIX Agreements as follows:

- a. Paragraph 11 of the Side Letter contains the following language regarding the intent of the parties to prevent unrestricted disclosure of UNIX:

Mr. Sam Palmisano
March 6, 2003
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You [IBM] recognize the proprietary nature of SOFTWARE PRODUCTS and the need to protect SOFTWARE PRODUCTS from unrestricted disclosure.

- b. IBM is prohibited under §7.10 of the Software Agreement from transferring or disposing of UNIX in a way that destroys its economic value. The applicable contract language reads as follows:

Except as provided in Section 7.06(b), nothing in this Agreement grants to Licensee the right to sell, lease or otherwise transfer or dispose of a SOFTWARE PRODUCT in whole or in part.

- c. IBM has a duty of confidentiality to protect the confidentiality of our trade secrets. Side Letter ¶9 provides, in part, as follows:

LICENSEE [IBM] agrees that it shall hold SOFTWARE PRODUCTS subject to this Agreement in confidence for AT&T. LICENSEE further agrees that it shall not make any disclosure of such SOFTWARE PRODUCTS to anyone, except to employees of LICENSEE to whom such disclosure is necessary to the use for which rights are granted. LICENSEE shall appropriately notify each employee to whom any such disclosure is made that such disclosure is made in confidence and shall be kept in confidence by such employee.

IBM is further required by ¶2.01 of the Sublicensing Agreement to obtain confidentiality agreements from its distributors and customers, and by ¶3 of the Side letter to obtain the same from contractors.

- d. IBM is prohibited under Section 2.05 of the Software Agreement from using UNIX for others. The applicable language provides:

No right is granted by this Agreement for the use of SOFTWARE PRODUCTS directly for others, or for any use of SOFTWARE PRODUCTS by others.

The cumulative effect of these provisions requires IBM to protect our valuable UNIX trade secrets against *unrestricted disclosure, unauthorized transfer or disposition and unauthorized use* by others.

Mr. Sam Palmisano
March 6, 2003
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Notwithstanding these provisions, IBM has subjected our UNIX trade secrets to unrestricted disclosure, unauthorized transfer and disposition, unauthorized use, and has otherwise encouraged others in the Linux development community to do the same.

One of our remedies for such breaches (in addition to remedies at law and in equity) is specified in §6.03 of the Software Agreement (SOFT-00015), as follows:


If LICENSEE fails to fulfill one or more of its obligations under this Agreement, AT&T may, upon its election and in addition to any other remedies that it may have, at any time terminate all the rights granted by it hereunder by not less than two (2) months' written notice to LICENSEE specifying any such breach, unless within the period of such notice all breaches specified therein shall have been remedied; upon such termination LICENSEE shall immediately discontinue use of and return or destroy all copies of SOFTWARE PRODUCTS subject to this Agreement.

Section 6.03 is modified by ¶5 of the Side Letter to extend the notice period from 60 days to 100 days. This letter is notice of your material breaches of the AT&T / IBM Agreements identified above.

Pursuant to §6.03 of the Software Agreement, you are hereby put on notice to cure the above breaches within 100 days by eliminating the acts and conduct specified above. Should you fail to do so, your rights under the AT&T / IBM Agreements will be terminated as of Friday, June 13, 2003, and you will be required to immediately discontinue use of our Software Products and return or destroy all copies of software products subject to the AT&T/IBM UNIX Agreements.

Sincerely yours,

THE SCO GROUP

By: 
Darl McBride
President and Chief Executive Officer

cc: David Boies

SCON0000108

EXHIBIT 26



Via Federal Express

May 29, 2003

Legal Department
Sequent Computer Systems, Inc.
15450 S.W. Koll Parkway
Beaverton, Oregon 97006

Re: *Software Agreement Number Soft-000321*
Sublicensing Agreement Number Sub-000321A
NOTICE OF TERMINATION

To Whom It May Concern:

We are successors in interest to the above-referenced Agreements pursuant to the Asset Purchase Agreement between the Santa Cruz Operation, Inc. and Novell, Inc. dated as of September 19, 1995 (the "Asset Purchase Agreement"). Pursuant to the Asset Purchase Agreement, we have received, among other things, all rights with respect to the Software and Sublicensing Agreements that were entered by and between AT&T Technologies, Inc. and various software vendors, including Sequent Computer Systems, Inc. ("Sequent"). Thus, we have the right to enforce any misuse of our proprietary information by Sequent that arise from or relate to AT&T's Software and/or Sublicensing Agreements with Sequent dated as of April 18, 1985, designated as Software Agreement Number Soft-000321 (the "Software Agreement") and Sublicensing Agreement Number Sub-000321A (the "Sublicensing Agreement") (collectively the "AT&T/Sequent Agreements").

The Software Agreement contains the following restrictions:

No right is granted by this Agreement for the use of SOFTWARE PRODUCTS directly for others, or for any use of SOFTWARE PRODUCTS by others... (Section 2.05).

LICENSEE may distribute copies of a SOFTWARE PRODUCT...to third parties having licenses of equivalent scope...provided that LICENSEE first verifies the status of any such third party... (Section 7.06(b)).

Sequent Computer Systems, Inc.
May 29, 2003
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Neither this Agreement nor any rights hereunder, in whole or in part, shall be assignable or otherwise transferable by LICENSEE and any purported assignment or transfer shall be null and void (Section 7.09).

Except as provided in Section 7.06(b), nothing in this Agreement grants to LICENSEE the right to sell, lease or otherwise transfer or dispose of a SOFTWARE PRODUCT in whole or in part (Section 7.10).

In addition to these terms restricting use of the Software Product, Sequent has a duty to protect the confidentiality of UNIX source code. Consistent with this duty is the prohibition against copying and/or distribution unless and until the recipient has proper licenses and authority and executes their own confidentiality agreements. Some of the applicable contract language is as follows:

...[It] shall hold all parts of the SOFTWARE PRODUCTS subject to this Agreement in confidence...it shall not make any disclosure of any or all of such SOFTWARE PRODUCTS (including methods or concepts utilized therein) to anyone... (Section 7.06(a)).

...[It] will not use SOFTWARE PRODUCTS subject to this Agreement except as authorized herein and that it will not make, have made or permit to be made any copies of such SOFTWARE PRODUCTS... (Section 7.08).

Finally, the Software Agreement defines the term SOFTWARE PRODUCT to include System V UNIX source code and documentation, and all modifications and derivative works based thereon. Significantly, the Software Agreement requires that all derivative works and modifications be treated as part of the original SOFTWARE PRODUCT as follows:

Such right to use includes the right to modify such SOFTWARE PRODUCT and to prepare derivative works based on such SOFTWARE PRODUCT, provided the resulting materials are treated hereunder as part of the original SOFTWARE PRODUCT (Section 2.01).

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Sequent Computer Systems, Inc.
May 29, 2003
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Sequent's Dynix software product including NUMA, RCU and SMP code developments is based on its System V Release 4.0 License and is a derivative work thereof subject to the restrictions set forth above in the Software Agreement. Sequent has violated the Software Agreement in numerous ways, including but not limited to the following:

1. Sequent's contributions (including methods and concepts) to Linux effectuate the use of the SOFTWARE PRODUCT (UNIX System V and Dynix) for others (Linux end users) and by others (Linux service providers, distributors and end users), in a way not authorized by the Software Agreement.
2. Sequent's transfer of the SOFTWARE PRODUCT (including methods and concepts) into Linux was without SCO's consent to such transfer and is therefore null and void.
3. Sequent's improper disclosure of the SOFTWARE PRODUCT (including methods and concepts) to Linux developers is a breach of the confidentiality covenant.
4. Sequent's disclosure of the SOFTWARE PRODUCT (including methods and concepts) to IBM, which does not hold a System V Release 4.0 License, is a breach of confidentiality.

By its actions, Sequent flagrantly permitted the copying and misuse of our proprietary information, without any knowledge of the identities of the recipients, no records of the recipients, no agreements to maintain confidentiality by the recipients and no fees from the recipients. The cumulative effect of this multitude of violations is that Sequent has subjected our source code to unrestricted disclosure, unauthorized transfer and disposition, and unauthorized use and copying. One of our remedies for such breaches (in addition to remedies at law and in equity) is specified in §3.03 of the Sublicensing Agreement, as follows:

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Sequent Computer Systems, Inc.
May 29, 2003
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If Licensee fails to fulfill one or more of its obligations under this Sublicensing Agreement or the Software Agreement, AT&T may, upon its election and in addition to any other remedies that it may have, at any time terminate all the rights granted by it hereunder and under the Software Agreement by not less than two (2) months' written notice to LICENSEE specifying any such breach, unless within the period of such notice all breaches specified therein shall have been remedied; upon such termination LICENSEE shall immediately discontinue use of and return or destroy all copies of SOFTWARE PRODUCTS covered by the Software Agreement and immediately discontinue distribution and use of and destroy all copies of SUBLICENSED PRODUCTS in its possession.

As far as we are concerned, Sequent's breaches of these agreements cannot be cured and we are entitled to immediate termination of the AT&T/Sequent Agreements. Nonetheless, we will provide you two (2) months to remedy all violations of the AT&T/Sequent Agreements. Should you fail to do so, your rights under the AT&T/Sequent Agreements will be terminated as of September 2, 2003, and you will be required to immediately discontinue use of the SOFTWARE PRODUCT (including all modifications and derivative works) and destroy or return all such copies to us.

Sincerely yours,
The SCO Group

By: Darl McBride
Darl McBride
President and Chief Executive Officer

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EXHIBIT 27

Jack Messman
Chairman and CEO

Novell

June 9, 2003

Mr. Darl McBride
President and CEO
The SCO Group
355 South 520 West
Suite 100
Lindon, Utah 84042

VIA FACSIMILE AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: IBM SVRX Licenses

Dear Mr. McBride:

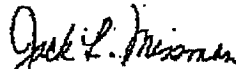
This letter is further to my letter of May 28, 2003 concerning SCO's campaign directed against the Linux community. SCO's response to that letter reinforces Novell's concerns. SCO continues to advance unsubstantiated charges, and to threaten actions that would potentially injure Novell, Novell's customers, and the industry in general.

Recently, SCO has reiterated its threat to terminate IBM's SVRX license. Pursuant to Amendment No. X, however, Novell and SCO granted IBM the "irrevocable, fully paid-up, perpetual right" to exercise all of the rights under the IBM SVRX Licenses that IBM then held. IBM paid \$10,125,000 for the rights under Amendment No. X. Novell believes, therefore, that SCO has no right to terminate IBM's SVRX Licenses, and that it is inappropriate, at best, for SCO to be threatening to do so.

Under Section 4.16(b) of the Asset Purchase Agreement Novell retains the right, at Novell's "sole discretion and direction," to require SCO to "amend, supplement, modify or waive any rights under, or ... assign any rights to, any SVRX License to the extent so directed in any manner or respect by [Novell]." That section further provides that to the extent SCO "shall fail to take any action concerning the SVRX Licenses" as directed by Novell, Novell "shall be authorized, and is hereby granted, the right to take any action on [SCO's] own behalf."

Accordingly, pursuant to Section 4.16(b) of the Asset Purchase Agreement, Novell hereby directs SCO to waive any purported right SCO may claim to terminate IBM's SVRX Licenses enumerated in Amendment X or to revoke any rights thereunder, including any purported rights to terminate asserted in SCO's letter of March 6, 2003 to IBM. Novell directs SCO to take this action by noon, MDT, June 12, 2003, and to notify Novell that it has done so by that time.

Sincerely,


Jack L. Messman

Cc: Mr. Rob Lauderbach
V.P., Assistant General Counsel
IBM

Novell, Inc. • 404 Wygant Street, Suite 500 • William, MA 01451 • Tel: 781.444.1028 • Fax: 781.464.1028 • jack.messman@novell.com • www.novell.com

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